

**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street  
Sacramento, California 95814

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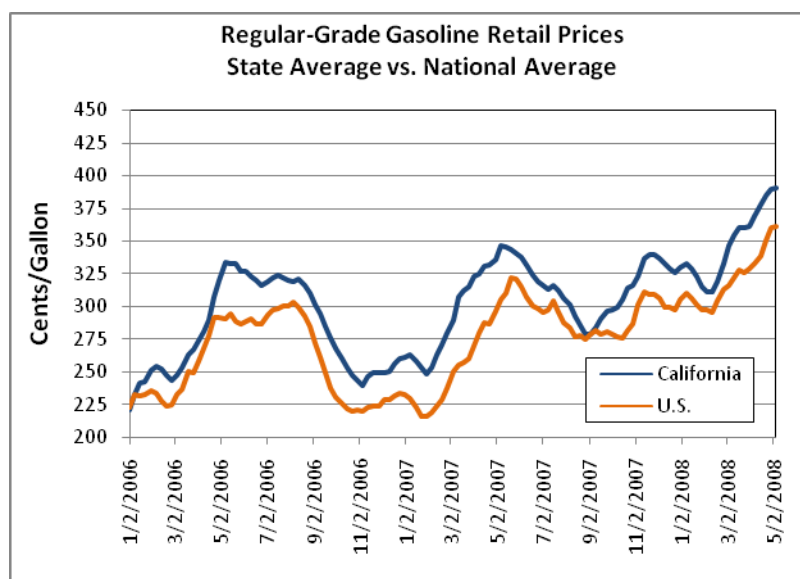
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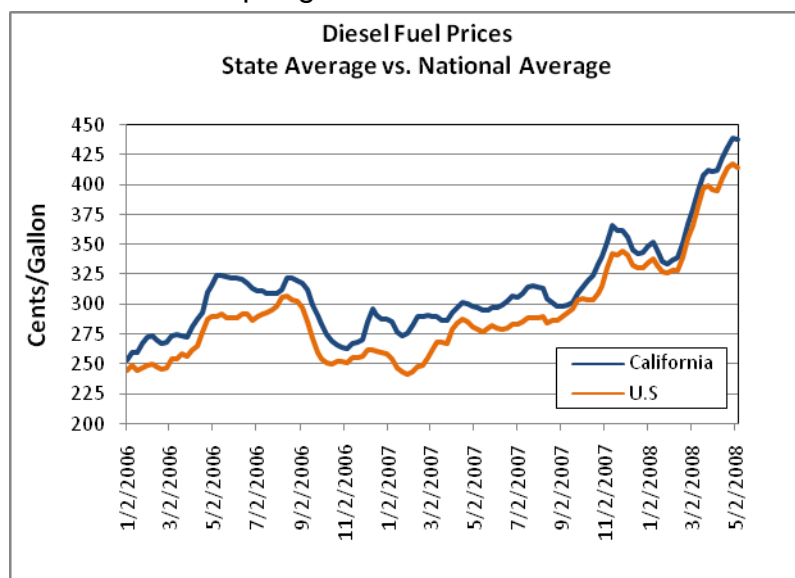
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**Petroleum Watch****May 9, 2008*****Retail Gasoline and Diesel Prices on May 5***

- The average California **retail price for regular-grade gasoline** increased 1 cent from last week to a record high \$3.90 per gallon, 21 cents higher than a month ago and 44 cents per gallon higher than the same time last year.<sup>1</sup>
- The difference between California and U.S. retail gasoline prices decreased 7 cents from a month ago to 29 cents per gallon. U.S. gasoline prices increased 28 cents from a month ago to \$3.61 per gallon and are 56 cents more than reported this time last year.



- The average California **retail diesel price** increased to \$4.38 per gallon, only 1 cent less than the record high set last week. Prices have increased 26 cents since a month ago. Similarly, the U.S. retail diesel price set a record high last week at \$4.18 but has since slipped to \$4.15 per gallon, still an increase of 19 cents from a month ago. The difference between California and U.S. prices has increased by 7 cents over the same period to 23 cents per gallon.

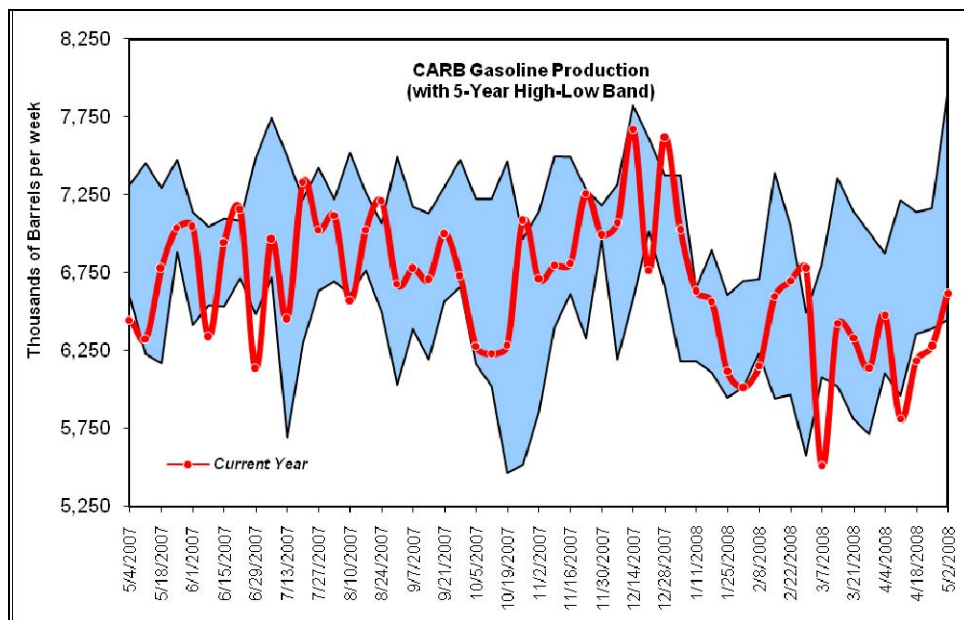


### **Wholesale Gasoline and Diesel Prices on May 6**

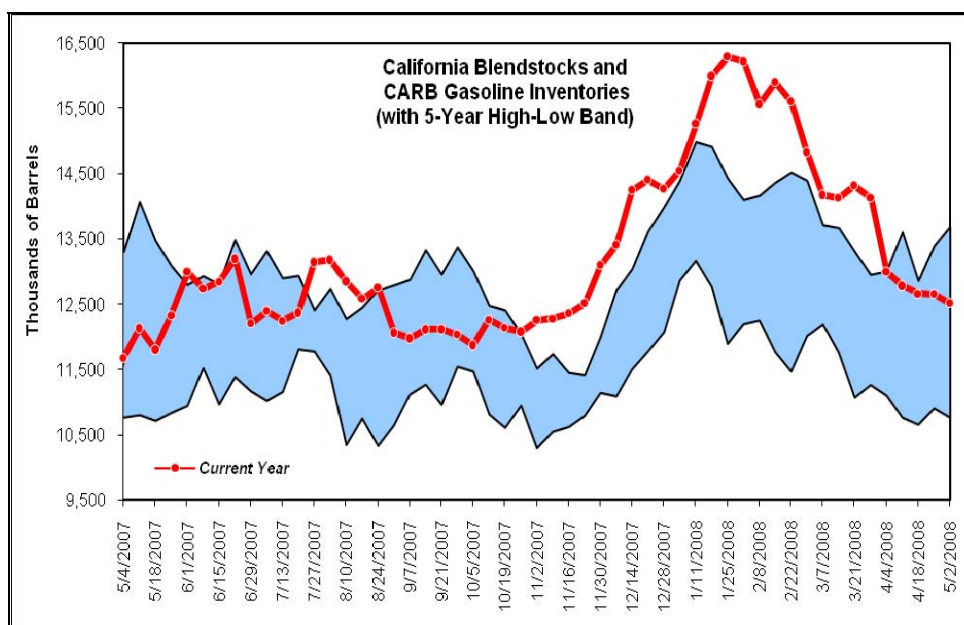
- Record high crude oil prices continue to put upward pressure on gasoline and diesel wholesale prices.
- California spot wholesale gasoline prices for regular-grade reformulated blendstock for oxygenate blending (RBOB) set an all time high of \$3.19 per gallon, 16 cents per gallon more than a month ago and 61 cents more than the same time last year.
- Spot prices for RBOB in Los Angeles are 6 cents per gallon more than New York Harbor and 4 cents less than the Gulf Coast, sharply declining from 28 cents more and 14 cents more, respectively, from a month ago.
- California spot **wholesale ultra low-sulfur diesel prices** have increased to \$3.54 per gallon, an all time high, and are 18 cents more than the last month and \$1.48 higher than the same day last year.
- California wholesale ultra low-sulfur diesel prices are 10 cents more than the Gulf Coast and 3 cents more than New York Harbor.
- California spot gasoline prices ended the reporting week at 35 cents less than California diesel, compared to 34 cents less than diesel a month ago.
- The Energy Information Administration's (EIA) weekly report for the week ending May 2 shows that **U.S. gasoline demand** increased 1.3 percent and distillate demand also increased 1.3 percent from the previous week. The four-week average demand for gasoline is 9.26 million barrels per day, 0.1 percent more than the four-week average at the same time last year. The four-week average for U.S. distillate demand is 4.19 million barrels per day, 2.1 percent less than the same period last year.

## Refinery Production and Inventories

- **Reformulated gasoline production** in California for the week ending May 2 increased 5.4 percent from the previous week to 6.62 million barrels, rising back to the lower end of the five-year range but still 2.7 percent higher than a year ago.<sup>ii</sup>



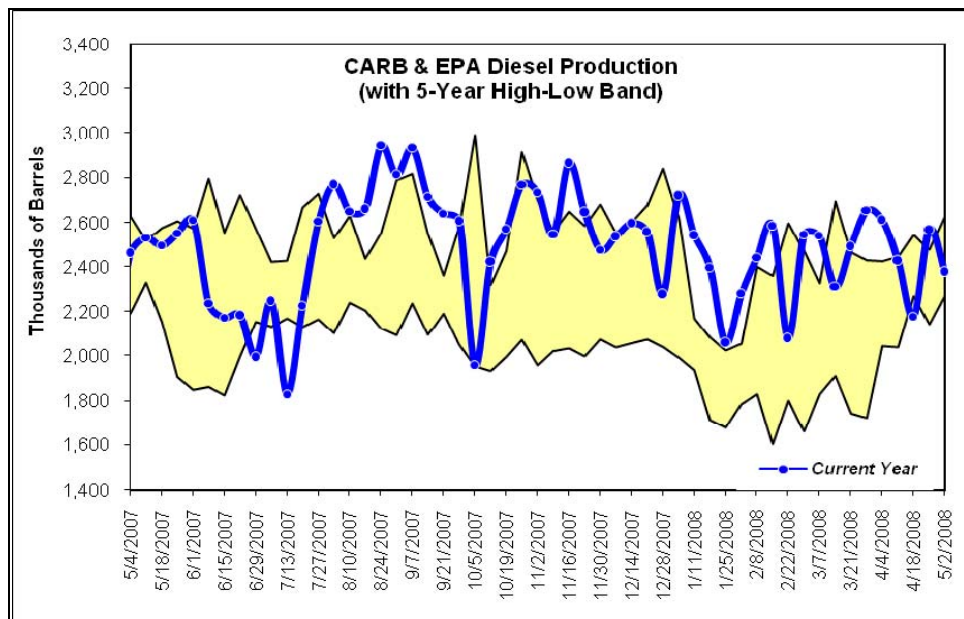
- California reformulated gasoline inventories increased by 5.1 percent last week while gasoline blendstock inventories decreased 6.2 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **decreased by 1.1 percent** to 12.51 million barrels, near the middle of the five-year range.



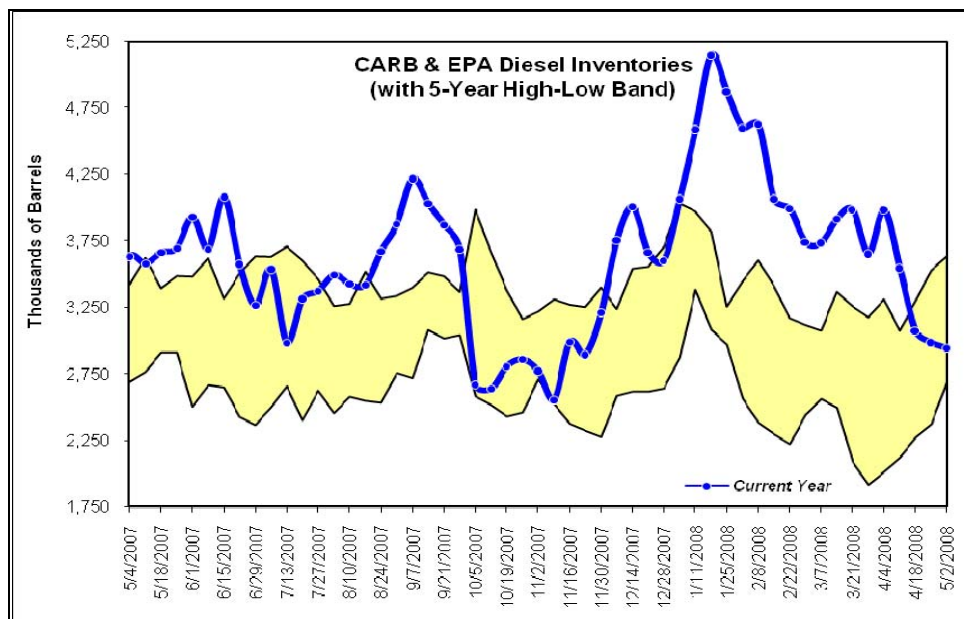
- U.S. gasoline inventories as of May 2 decreased to 211.9 million barrels, 794,000 barrels more than the previous week. Inventories increased on the

East Coast, decreased on the Gulf Coast, and remained unchanged on the West Coast during the latest week.

- California **ultra low-sulfur diesel production** during the week ending on May 2, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, decreased to 2.38 million barrels. This is 7.4 percent lower than the previous week and near the middle of the five-year range.

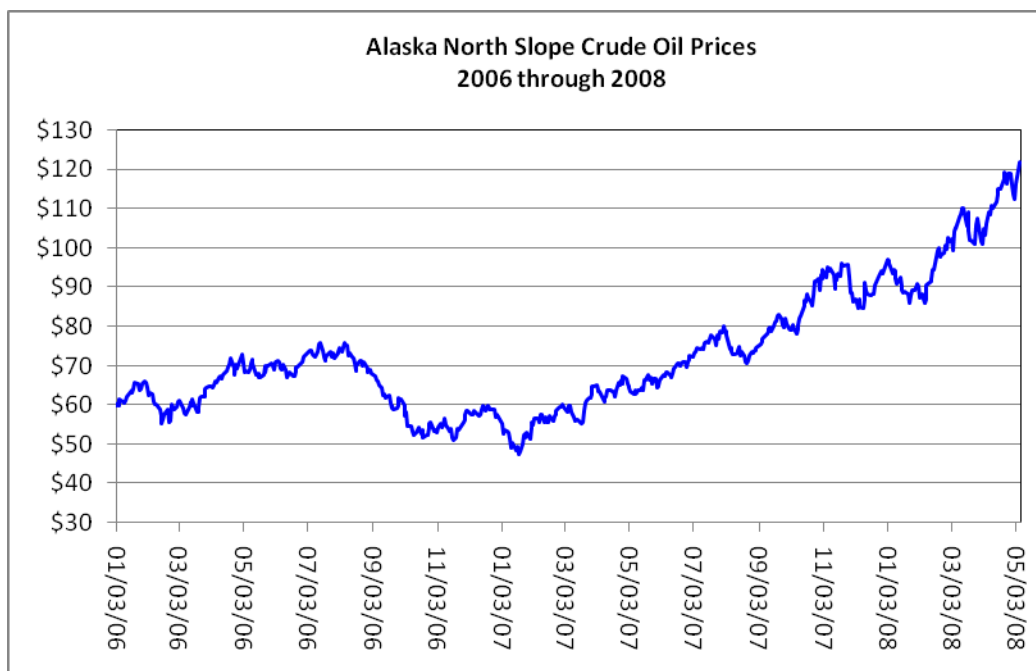


- Combined **ultra low-sulfur diesel inventories** in California decreased 1.5 percent from the previous week to 2.94 million barrels, remaining near the middle of the five-year range. Total U.S. distillate inventories as of May 2 fell to 105.7 million barrels, 107,000 barrels less than the previous week. Inventories increased on the East and Gulf Coasts, but decreased on the West Coast.



### **Crude Oil Prices and Inventories**

West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, have climbed \$12.66 per barrel over the past month to an all-time high of \$123.53 as of May 7.<sup>iii</sup> The continued high oil prices were supported by decreased production in Nigeria due to a white-collar worker strike, as well as continued unrest in the oil-rich Niger Delta. A Forties Pipeline that carries 40 percent of the oil produced in the U.K. was shut down due to a worker strike in Scotland. Production declines in both Russia and Mexico have also increased concerns about non-OPEC oil supply. Reports that a ship under contract to the U.S. Defense Department fired warning shots at two Iranian boats in the Persian Gulf also increased prices due to concerns that a conflict between U.S. and Iranian forces could cut oil supplies from the Persian Gulf region. A recent prediction from Goldman Sachs that oil prices will reach \$150-\$200 a barrel within the next 6 to 24 months due to lack of adequate supply growth has increased the upward pressure on prices. Despite record high oil prices and pressure from many politicians, the U.S. has continued to fill the Strategic Petroleum Reserve which has contributed to tight market conditions. Other trends in financial and commodities markets, such as a further weakening of the U.S. dollar against other currencies, a low federal funds rate, continued movement of investment money into commodities such as energy and metals, have also generally supported higher oil prices.



- U.S. commercial crude oil inventories as of May 2 rose by 5.7 million barrels from the previous week to 325.6 million barrels. Crude oil stocks are 15.6 million barrels less than this time last year but 4.6 million barrels higher than the five-year average for this date. California crude oil stocks rose 0.9 percent from the previous week to 15.04 million barrels and are 8.9 percent more than last year.

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<sup>i</sup> Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

<sup>ii</sup> California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

<sup>iii</sup> ANS crude oil prices are from *The Wall Street Journal*.